

# Inside Report . . . By Rowland Evans and Robert Novak

## Blow to U.S. Munitions Traffic

UNCLE SAM'S shrouded sales of munitions around the globe are in danger of being stymied in Congress with deep implications for U.S. policy worldwide—from Latin America to the critical Middle East.

Raising goose flesh on key policymakers in Foggy Bottom is a still-secret amendment drafted by Sen. Allen Ellender of Louisiana, a conservative Democrat, to the long-stalled bill giving the Export-Import Bank routine authority to continue its lending operations for another five years.

Innocuous on its face, Ellender's amendment merely would bar the use of any and all Ex-Im Bank credit for the sale of U.S. arms to any foreign country.

It is scarcely innocuous to worried officials here. This amendment would cut squarely across highly confidential U.S. operations in several underdeveloped nations. Moreover, it would require a major change in Pentagon financing of arms to such highly developed nations as West Germany and Great Britain.

Finally, if adopted, it could greatly complicate the problem of the possible future sale of U.S. arms to Israel. No such sale is taking place today, but officials at the highest levels say privately that if Soviet arms shipments to the Arab states threaten the balance of power, the United States will step in to guarantee parity for Israel.

MOST MEMBERS of Congress have no conception of



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the undercover though vital role played by the Ex-Im Bank in arms-peddling, nor the number of countries involved. Under an amendment to the Foreign Aid Act in 1964, the Bank is empowered to finance foreign arms purchases from the Pentagon, with the Pentagon putting up only a 25 per cent down payment. This permits the Pentagon to quadruple the amount of arms sales it could make without the Ex-Im Bank credit.

Thus, in the fiscal year ending last June 30 the Bank acted as credit agent for the Pentagon to the tune of several hundred millions of dollars of arms sale abroad. As one top official told us:

"Without this line of credit, we would be in real trouble. The man who runs the Ex-Im Bank is the richest man in town."

The Ellender Amendment, then, is a bombshell to the Administration. The Senator, who has been lobbying against the sale of U.S. arms for several years, confided his intention to offer the amendment in a private talk with Senate leaders several days ago.

The bill had been expected to come up in the Senate for debate this week.

Word about Ellender's move instantly spread alarm and confusion among both congressional and Administration officials. Lacking a strategy to counter Ellender, they postponed Senate debate on the bill.

Whether Ellender wins and gets his amendment attached to the bill, the debate might uncover arms sales that are top secret and involve not outright U.S. Allies in Europe but underdeveloped countries in Africa, and Asia which are under Communist pressures.

In formal reports to Congress on sales of U.S. arms, these loans are designated as "Country-X Loans." Not even the director of the Bank knows all the countries involved.

The reason for this secrecy is that the United States does not always want other countries to know that U.S. arms are being sold to a next-door neighbor. Indeed, international arms traffic are a devious, clandestine operation, often shrouded in secrecy and international intrigue.

Any full-scale debate on

the Ellender Amendment would result in embarrassing questions being asked in public. Opponents of the Amendment would be unable to provide complete answers. Furthermore, critical members of the Senate, including chairman J. W. Fulbright of the Foreign Relations Committee, have long been complaining about international traffic in arms.

At this writing, strenuous and confidential efforts are being made to get Ellender to forego his amendment. But even this might not avert a full-scale debate. In order to take up the arms question, a move is already afoot to reopen hearings in the House Banking Committee, which approved the Ex-Im Bank bill several months ago.

The likely result then seems to be intense public debate of matters the Government would rather keep private.

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